II) REMARKS

All pending claims have been amended as set forth herein in order to more clearly define the invention as discussed below. No new matter has been added.

The Applicant thanks the Examiner for the withdrawal of the prior rejection under 35 USC 101.

35 USC 112

The Examiner has rejected claims 1, 2, 23 and 24 under 35 USC 112, second paragraph, as allegedly being indefinite for failing to particularly point and distinctly claim the subject matter which applicant regards as the invention. The Examiner in particular objected to the claim language "in association with" and "associated with". Applicant respectfully disagrees with the rejection but has amended the claims to delete the objected-to language in order to expedite the allowance of the application.

35 USC 103

The Examiner substantially maintains his prior rejections of the claims as follows. The Examiner has rejected claims 1-3, 5-6, and 21-23 under 35 USC 103(a) as being unpatentable over Harris et al. (USP 6,014,635) in view of Walker et al (USP 6,327,573). The Examiner rejected claims 4 and 24 under 35 USC 103(a) as being unpatentable over Harris et al. (USP 6,014,635) in view of Walker et al (USP 6,327,573) as applied to claim 3, in further view of Klayh (US 2003/0050831). Applicant respectfully disagrees with the interpretation of the references as they allegedly apply to the Applicant's claims. However, in order to

expedite allowance of this application, Applicant has amended
the claims to more clearly recite the Applicant's invention.

Claim 1 as amended now recites a method of operating a reward
system in conjunction with a computer network. The computer
network is interconnected to at least one issuing bank computer
operated by an issuing bank that issues a token to a user. The
token has a user payment account ID for a user payment account
at the issuing bank computer that is used to pay for purchase
transactions. The method of claim 1 includes providing a reward
account database in a central reward server computer that
interoperates with the computer network. The reward account
database stores (i) a first user reward account for transactions
between the user and a first merchant, and (ii) a second user
reward account for transactions between the user and a second
merchant. Both the first user reward account and the second
user reward account are identified with the user payment account
ID. A user executes a first transaction with the first merchant
by presenting the token to the first merchant for payment of at
least part of the first transaction. A first merchant computer
operated by the first merchant transmits a first instruction to
the central reward server computer to add a first set of rewards
to the first user reward account using an identification of the
first merchant and the user payment account ID. Subsequently,
the user executes a second purchase transaction with the second
merchant by presenting the token to the second merchant for
payment of at least part of the second purchase transaction. A
second merchant computer operated by the second merchant
transmits a second instruction to the central reward server
computer to add a second set of rewards to the second user
reward account using an identification of the second merchant
and the user payment account ID. This enables a user to use the

same token (such as a credit card) with multiple merchants, and each merchant provides rewards to that user that are stored in a separate account at the central reward server computer, with each account being accessed with reference to the user payment account ID on the user's token.

With reference to the rejection of former claim 1, the Examiner states that "*the automated link to affiliated* reward programs is indicative of Applicant's centralized database containing records from a **plurality of merchants,** each of which has associated therewith a plurality of individual user reward point accounts." Applicant respectfully disagrees and believes that the Examiner is using impermissible hindsight. The Examiner is referring to Walker's description of a "frequent shoppers rules database 400B" that is separate from the frequent shoppers database 400A. This rules database 400B has presence rules 450, transaction rules 460, reward rules 470, and affiliation rules 480 (col. 8 line 67 through col. 9 line 2). In particular, the affiliation rules 480 govern transactions that are also associated with *an affiliated promotion or program,* and there is a field that indicates whether the transaction reward program includes an automatic link to "an affiliated reward program" (col. 10, lines 21-22).

The Examiner states that this "link to an affiliated reward program" reads on the Applicant's [former] claimed:

> the reward point account database storing a plurality
> of individual user reward point accounts linked to each
> of a plurality of independently operating merchants

Claim 1 (prior to current amendment). However, the structure of the Applicant's database provides for a first merchant to have a

first user reward account at the central reward server computer for the user, and for a second merchant to have a second user reward account at the central reward server computer for the user. This is shown generally in Figure 12 of the present application and explained in the specification at page 11, lines 16-20:

> Thus, Figure 12 illustrates a simple database format wherein **each merchant and user under that merchant has a record which indicates how many points are in the account,** as well as other optional information (such as par value of points, restriction on use, etc.)

Page 11, lines 16-20 (emphasis added). That is, there is a record in the database for each user's account with each participating merchant. This is not what Walker describes, however. Walker has a link to an "affiliated" reward program, which the Examiner has speculated (with hindsight) must be stored in the same database. However, there is no teaching that any such affiliated reward program would be stored in the same database, and Walker in fact appears to teach that this would be a **separate and different reward program stored in a completely different database and computer.** Walker explains "Affiliated Reward Programs" at col. 19, lines 25-40 (not referenced by the Examiner but repeated herein):

> The bank credit card or debit card may be an affinity card associated with a particular establishment or a standard credit card or debit card. This embodiment is attractive due to the cross branding or cross leverage nature of promotional programs offered by, e.g., retail establishments and banking or other financial establishments offering credit/debit cards. Thus, in the case of a credit card seeking to increase customer usage, retail or other transaction environments may utilize that promotional impetus to help boost their own sales. Similarly, in the case of affinity cards

sponsored by, e.g., airlines or other travel companies, rewards such as frequent flyer miles may be leveraged into the standard rewards program of a restaurant or other selling entity.

It is clear that an affiliated program is simply just that - a separate and distinct reward program that may be *linked to* per the affiliation rules 480. There is no teaching that such an affiliated program would be stored in the same database as in the present invention, *or accessed independently with the same user token as claimed*.

Applicant has therefore amended claim 1 to clarify its invention as discussed above with respect to the prior art.

Claim 1 is allowable over the cited prior art for at least the reasons set forth above. Claims 2, 21 and 22 which depend from claim 1, are also allowable for at least the same reasons.

Claim 3 as amended depends from claim and also provides for establishing a user reward exchange account on the central reward server computer, selecting rewards from the first user reward account and the second user reward account for exchange into the user reward exchange account, and the central reward server computer exchanging the selected rewards into the user reward exchange account. With respect to former claim 3, the Examiner stated that Harris teaches establishing a reward exchange point account on the central reward server computer (at col. 4 lines 6-22 and 41-57), and selecting reward points from each of a plurality of user reward accounts for exchange into the reward point exchange account (col. 5 lines 35-40). However, the sections of Harris cited by the Examiner discuss a simple discount credit account, not a reward exchange account as

defined in the claim. Further, the Examiner states that Harris teaches "selecting reward points from a plurality of user reward point accounts associated with differently operating merchants for exchange into the reward exchange account (col. 5 lines 35-40). However, the section of Harris cited by the Examiner provides only that the discount credit system includes a number of authorized merchants. Finally, the Examiner states that Walker discloses earning rewards, and that allegedly equates to exchanging selected reward points into the reward point exchange account. However, it is noted that the claim limitation referred to is exchanging **rewards *that were selected from the first user reward account and the second user reward account***, not simply "earning a reward" as stated by the Examiner. This is clearly not shown in either Harris or Walker. Thus claim 3 is patentable over the cited references.

Claims 4-6 depend from claim 1 and are also allowable for at least the same reasons.

Claim 23 has been amended in a manner similar to claim 1 and is also allowable over the cited prior art for at least the same reason. Claim 24 has been amended in a manner similar to claim 3 and is also allowable over the cited prior art for at least the same reason.

Applicant thus submits that the entire application is now in condition for allowance, early notice of which would be appreciated. Should the Examiner not agree with the Applicants' position, a personal or telephonic interview is respectfully requested to discuss any remaining issues and expedite the eventual allowance of this application.

Respectfully submitted,

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